

Overview comparison of customer-owned & 3rd party- owned residential solar

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Customer experience differs under 3rd-party model:



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| <ul style="list-style-type: none">• Good roof?• Find an installer• Receive custom quotes• Explore financing options | <ul style="list-style-type: none">• Have system built• Write a check (total cost less CSI incentive)• Finance purchase through savings, home equity loan, or other means | <ul style="list-style-type: none">• Collect the ITC (perhaps over multiple years)• If using a home equity loan, take tax deduction | <ul style="list-style-type: none">• Recover investment through reduced electricity bills• Insure system• Ensure continual operations, cover repairs when needed |
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Key characteristics for a traditional solar purchase:	Access to financing	Federal tax capacity	Willingness to own and incur additional cost to maintain solar
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Customer experience with 3rd-party model:	<ul style="list-style-type: none">• Sign a long-term contract for electricity or to lease the system• Choose how much to pay up-front	<ul style="list-style-type: none">• Not necessary; 3rd party handles this for customers, incorporates into contract pricing	<ul style="list-style-type: none">• Not necessary; 3rd party maintains system, provides customer with a production guarantee
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Fundamental differences in what is being purchased and where costs are incurred between these models

Customer-owned

3rd party-owned

Product that the customer is purchasing:

A solar facility

X-years of solar power service

Solar costs:

- Initial system
- Financing
- Insurance
- Monitoring
- Maintenance

Included in installed \$/W

Not included, highly custom

Not included

Not included

Not included

Included in installed \$/W

“Covered” by service agreement

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All of these costs must be included to assess a customer’s lifetime cost per kWh for solar

Within 3rd party model, role of 3rd party in providing financing varies according to customer preference

Customer preference	Wants to go solar with no up-front cost	Focused on hedge value of solar	Wants solar power service without monthly payments
Up-front payment	\$0	\$3,000	\$20,000
Annual escalation	2%	0%	N/A
Payment structure	Monthly	Upfront and monthly	100% upfront
Role of 3rd party in providing finance to customer	Fully provided by 3 rd party	Partially provided by 3 rd party; customer finances up-front	Largely provided by customer; customer finances 100% prepayment,

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For a single customer, the implied cost per kWh will differ based on financing choices.

SunRun's perspective on what we believe are the key questions for CSI administrators

- Can we tailor the CSI data to show an apples-to-apples cost per kWh number for all systems?*
- No; financing costs & lifetime ownership costs cannot be captured at installation**
- For customer-owned systems, installed \$/W does not capture customer's financing or maintenance costs
 - For all systems, fundamental challenges in how customers approach financing precludes consistent data collection

- How can consumers make an informed choice about how to adopt solar?*
- Solicit multiple competitive quotes**
- Empowers customers to assess costs and benefits from their own personal perspective
 - Historical data is unlikely to have decisive value for a potential customer because:
 - Production is site-specific
 - New companies enter the market
 - Product is not static; offers continually change

- How can other stakeholders analyze trends using CSI data?*
- Increase clarity of existing & future \$/W data**
- Third-party providers have different business models so their \$/W data is not uniform
 - A new data field could indicate how each provider derives their \$/W data